



General Services Administration
Public Buildings Service
Washington, DC 20405

FEB 26 1988

Dear Mr. Ray:

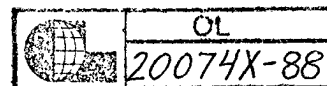
I have enclosed for preliminary review a copy of the proposed Memorandum of Understanding (MOU) between the Executive Office of the President (EOP) and the General Services Administration. This MOU when signed and implemented will delegate lease management responsibility to your agency.

On February 17, 1988, I met with Florence Williamson and other EOP representatives to discuss other pending delegations issues. At that meeting, we provided Ms. Williamson with a copy of the enclosure. Upon completion of your review and concurrence of the enclosed MOU, please return the document to us for necessary action. If you have any questions, please call Jim Flowers, on 566-1144.

Sincerely,

Phyllis Runci
for YVONNE T. JONES
Director
Delegations Division

Mr. John M. Ray
Director of Logistics
Executive Office
of the President
Washington, DC 20505



Enclosure

Answered by RECD 3/31

File

DRAFT

FEB 26 1988

Dear Mr. Webster:

Enclosed for your signature are two proposed Memorandum of Understanding (MOU) documents for delegating lease management responsibility to the Executive Office of the President.

Please return one signed copy of the MOU in order that we may proceed with implementation.

If your staff needs additional information, please call Mr. Jim Flowers, Delegations Division, Office of Governmentwide Real Property Policy and Oversight, on 566-1144.

Sincerely,

Terence C. Golden

The Honorable
William Webster
Director
Executive Office of the President
Washington, DC 20505

Enclosures

**MEMORANDUM OF UNDERSTANDING BETWEEN
GENERAL SERVICES ADMINISTRATION (GSA) AND
THE EXECUTIVE OFFICE OF THE PRESIDENT (EOP)
GOVERNING THE MANAGEMENT OF GSA-LEASED FACILITIES**

I. Purpose

The purpose of this Memorandum of Understanding (MOU) is to expedite the program of delegating lease management responsibility to tenant agencies occupying GSA-leased facilities under either fully serviced leases (leases where the lessor is responsible for all services, utilities and maintenance) or under leases where the Government has only utility responsibility. The purpose of the lease management delegations program is to enhance service delivery and provide for more efficiency in the management of Government-controlled facilities. This document establishes the authorities delegated, the responsibilities of both GSA and the Agency in accomplishing the program, and the implementing procedures for executing the delegation.

This MOU will be implemented at the local level where the GSA Contracting Officer (CO) will designate an Agency representative as the Contracting Officer's Representative (COR). The COR will be responsible for observing and monitoring the lessor's performance under the lease, for contacting the lessor directly to rectify a situation where the lessor is not performing, and, when necessary, for documenting lessor nonperformance so that the Contracting Officer may take appropriate action to enforce compliance or otherwise provide corrective action. Additional authorities may be granted on a case-by-case basis.

By signature of this MOU, agencies accept the lease management responsibilities for leased locations identified in Appendix I where they are the sole Federal tenant (i.e. occupying 90 percent or more of the Government-controlled space) and are also given the authority to assign and reassign space within the building. Agencies are also delegated the authority to contract for alterations.

II. Functions Delegated to the Agency

a. Lease Management

(1) The Agency will be responsible for management of the lease contract(s) including periodic inspections to ensure compliance with lease terms, establishment of a register to record all complaints and their resolutions, and written notification to the lessor(s). These documents are to be maintained in a lease enforcement file. Prior to the effective date of the delegation, the Agency shall nominate, in writing, individuals (and at least one alternate) who will be certified as capable of acting as the COR for the lease(s). The Agency's Contracting Officer's Representatives (COR) will be assigned to specific sites and be responsible for the management of the lease

-2-

contracts, as required by this agreement, but will not have offices on site. All records pertaining to the lease will be maintained in a central Agency location. However, since all sites are within the Metropolitan Washington area, the COR will be able to provide daily on-site management.

(2) In leased locations where the Government is responsible for paying for utilities directly (electricity, water or heating fuels), the COR will be responsible for verifying utility bills to assure proper payment.

(3) The Agency will be responsible for ordering overtime services in accordance with the lease agreement. If an overtime rate is not stated in the lease and there is a frequent and continuing need for overtime services, the GSA Contracting Officer is responsible for negotiating the overtime rate. The Agency will be responsible for negotiating the overtime rate for a onetime or sporadic need for overtime services. The Agency will pay the lessor directly for overtime usage by utilizing GSA Form 300 or other appropriate Agency form.

(4) The Agency may not redelegate any authorities contained in this MOU outside the Agency. With prior written approval of the Contracting Officer, the Agency may redelegate lease management authority to another qualified COR within the Agency.

(5) In the event of a dispute between the Agency and the lessor(s) concerning any provision of the lease(s), GSA will determine the resolution and issue a Contracting Officer's Final Decision, if appropriate. The Agency will provide any documentation necessary for the Contracting Officer's review of the dispute.

(6) GSA will have the sole authority to authorize rental payments, rental deductions, and modifications to the lease agreement(s).

(7) This Agreement does not authorize the Agency to enter into leases for real property or for expansion in the building(s) under lease.

b. Assignment and Utilization of Space

(1) All space assignments in areas occupied by the Agency (including, but not limited to, office space, special space, and parking) within the delegated building(s) shall be the responsibility of the Agency. The Agency shall comply with Federal Property Management Regulation (FPMR) Temporary Regulation D-73, or its succeeding regulation, in all assignment and utilization actions.

-3-

(2) Space assignments in the delegated building(s) to tenants other than the Agency will remain the responsibility of GSA, subject to Agency security considerations and approval.

(3) The Agency must notify GSA of any changes within any space in the delegated building(s), including those that would affect rent billing. Such notifications (including assignment drawings) must be made as soon as an action is completed. Changes that would affect rent billing include conversion, reclassification of space as a result of alterations (note requirements in Paragraph II(c)(2), below), and increases or decreases in space assignments to organizations that have rent billing codes.

(4) GSA may, subject to Agency security considerations and approval, survey Agency space and, if determined to be underutilized, may require utilization in accordance with D-73.

c. Lease Tenant Alterations

(1) Agencies are delegated the authority to contract for alterations with the lessor in accordance with the following:

(a) The requirements of the General Services Administration Acquisition Regulation (GSAR) Subpart 570.6, Special Aspects of Contracting for Lease Alterations, must be met. Agency headquarters' personnel will be furnished copies of the GSAR, its amendments, and standard language to be included in all contracts for alterations and will be responsible for distribution of these documents to all Agency personnel who will be contracting for the alterations. The Agency must inform the GSA regional Real Estate Division Directors of the names and titles of Agency personnel, other than the COR, who will be contracting for alterations under this agreement. The GSA regional Real Estate Division Directors will then inform the appropriate lessors.

(b) Where Unit Price Agreements (UPAs) exist, they must be used for accomplishing alterations covered under the UPA, providing all of the following are met:

(i) The purchase order cites Agency funding codes.

(ii) The purchase order instructs lessor to bill the Agency directly.

(iii) The Agency will send a copy of all purchase orders to GSA.

-4-

(c) Where UPAs do not exist, or when existing UPAs expire or do not provide for the work required, the Agency may negotiate a UPA or individual contracts with the lessor(s) within limitations or restrictions imposed by Federal or Agency procurement regulations.

(d) Any contract for alterations must include the following:

(i) A clause stating that the lessor is not relieved from any of his responsibilities under the lease.

(ii) A clause stating that all terms and conditions of the lease and supplements thereto remain in full force and effect.

(iii) An expressed waiver of restoration of the premises from the lessor in jurisdictions where this waiver is necessary in order to protect the Government from claims for restoration.

(e) Notwithstanding the provisions of GSAR 570.602(g) with regard to award, alterations for any dollar amount are to be awarded using GSA Form 300, Order for Supplies or Services, or a similar Agency form.

(2) Alteration work must not affect the amount of square footage under lease.

(3) Alterations are not to be performed outside the leased area with the exception of tying into electrical, mechanical, plumbing or heating and cooling systems necessary for appropriate utilization of the leased space.

(4) Prior approval of the GSA regional Director of Real Estate is required for the following tenant alterations:

(a) All alterations having an estimated value in excess of \$50,000.

(b) Alterations work in leased space meeting all of the following criteria:

(i) The estimated value of the alterations work exceeds \$25,000.

(ii) The estimated value of the alterations work exceeds 10 percent of the existing annual rent.

-5-

(iii) The remaining lease term is less than 3 years.

(c) Alterations which will result in a change in the classification of space.

(d) Alterations which will result in a change in the utilities and/or maintenance requirements of the leased space.

(5) Where prior approval of GSA is required under (4)(a)-(d) above, the proposed alterations are subject to the following:

(a) The request for review and approval of the project will be submitted to the Contracting Officer at least 60 calendar days prior to the planned issuance of a solicitation or request for proposal to accomplish the proposed work. Any exceptions to this notice requirement must be specifically approved by GSA. This request must be made in writing, and shall be accompanied by narratives, plans, drawings, or schematics sufficiently detailed to allow GSA to evaluate the scope of the project and its impact on the building structure or systems.

(b) GSA will respond to the request within 10 working days after receipt. If a technical review is either required by GSA or requested by the Agency, GSA will complete the technical review within 30 working days after receipt. If the review cannot be completed within this timeframe, GSA will advise the Agency of the estimated date the technical review will be completed. GSA will keep the Agency informed of the progress of the technical review, and the Agency may not proceed without written GSA approval.

(c) Upon completion of any approved work, the Agency shall submit as-built drawings showing all changes made to the building(s) as a result of the work.

(6) The Agency will be responsible for any claims from the lessor(s) that result from any alteration work directed by the Agency.

(7) The Agency will be responsible for adhering to the 25 percent limitation of the Economy Act and maintaining records of applicable expenditures. GSA will furnish the Agency with the current Economy Act Limitation balance(s). The Agency will be responsible for maintaining records on the amount available for alterations under the 25 percent limitation, and will be responsible for waiving the 25 percent limitation (where necessary) and preparing the required Certificate of Determination. The Agency will furnish GSA an

-6-

informational copy of all Certificates of Determination. GSA will provide to the Agency any information on expenditures which would affect the Economy Act balance as a result of alterations work undertaken by the regional Real Estate Divisions.

(8) All alterations accomplished under this delegation program shall conform to the FPMR, and GSA fire and life-safety criteria and physically handicapped accessibility provisions.

(9) Alteration work must be compatible with and not adversely affect building structures, fire and safety systems, mechanical/electrical systems, or historically preserved building features.

(10) All alterations to areas containing asbestos shall be accomplished in accordance with Environmental Protection Agency guidelines. A list of locations with identified asbestos will be provided separately. Any other locations containing asbestos identified by the Agency shall immediately be reported, in writing, to GSA.

(11) Agencies may request GSA to perform alterations as currently provided.

d. Guard Services

(1) The Agency may provide guard services for the delegated buildings, their contents and occupants.

III. Responsibilities of GSA

a. Training

GSA will develop a self-instructional training course covering the responsibilities of the COR and the procedures to be followed in the area of lease management. The course will be available through the GSA regional Real Estate Division Directors. GSA is currently developing guidance for performing alterations in leased space, which will be available in the spring of 1987. Agency personnel planning to undertake alterations projects under this agreement should contact their counterpart Contracting Officer for any additional information. The Agency should utilize the appropriate sections of the GSAR and request advice and support from GSA as needed. Questions concerning Assignment and Utilization responsibilities should also be directed to the appropriate GSA regional Real Estate Division.

-7-

b. Technical Support

GSA will provide technical support, as necessary, for all delegated responsibilities covered by this agreement through the Central Office Public Buildings Service and the regional Offices of Public Buildings Service, as appropriate.

c. Oversight

The Contracting Officer is responsible for all aspects of acquiring, enforcing and administering the lease. The Contracting Officer will be responsible for oversight of the COR acting on his behalf, and will have the authority to revoke the COR designation. Thirty days advance notice with written justification for revocation must be given to the Agency with a provision for discussion with GSA prior to revocation.

IV. Resource Transfer

With the approval of the Director of the Office of Management and Budget, GSA will transfer to the Agency a total of two unencumbered Full-Time Equivalent (FTE) positions and associated resources. The actual transfer of FTE and associated funding from GSA to the Agency will be accomplished concurrent with the acceptance by the Agency of the responsibilities delegated under this MOU. Specific transfer procedures will be provided under separate cover.

V. Program Implementation**a. GSA Identification of Facilities**

All single tenant facilities occupied by the Agency which are selected for the program of delegation of lease management authority will be identified. These will include fully serviced leases (leases where the lessor provides all services, maintenance and utilities) and leases where the Government has the responsibility to pay for utilities. Also, future leased buildings, which meet the criteria for lease management delegations as outlined in this document, may be added to the lease management delegation program upon mutual agreement between the GSA Contracting Officer and the Agency COR.

b. Agency Acceptance and Agency Nomination of COR's

The Agency will review the list of buildings, designate persons in those buildings to be nominated as COR candidates, and advise the appropriate GSA regional Real Estate Division Director of the nominations. A list of the Directors, their addresses and the geographic areas which they cover is attached.

